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Canada

Fresh Deciduous Fruit

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Report Highlights: Canada's 2002 fresh apple crop will fall about 10% from last year's relatively low level mainly due to an estimated 30% decline in Ontario where the crop was adversely affected by spring frosts followed by severe heat and prolonged dry periods. Canadian fresh pear output is expected to be up moderately from a year ago. Prospects for increased U.S. exports of fresh apples and pears in MY2002/2003 are bright.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Ottawa [CA1], CA

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Executive Summary

* Current prospects indicate that the volume Canada's 2002 fresh apple crop will fall about 10% from last year's relatively low level and reach an estimated 420,000 metric tons. The apple crop in Ontario, the major apple producing province, suffered from an early frost followed by yield-reducing heat and prolonged dry spells during the growing season. Production in Ontario is expected to be down as much as 30% from last year.

* Canadian fresh apple imports from the U.S. slipped to 92,755 metric tons during MY2001/2002, down about 2% from 94,847 metric tons a year earlier. U.S. fresh apple exporters lost import market share to Chile, New Zealand and South Africa during 2001/2002, but still accounted for 75% of Canada's total fresh apple imports.

* Of the four major exporting states of fresh apples to Canada during MY2001/2002 (WA, CA, NY, MI), only Washington State exported more apples to Canada than the year before. Washington State dominated apple exports to Canada, accounting for 75% of total U.S. fresh apple exports to the northern neighbor.

* Canadian apple exports have performed dismally in recent years falling to almost half their volume of five years ago. In addition to lower fresh apple sales to the United States and Europe, low priced Chinese apples have displaced Canadian apples from many of the Asia-Pacific markets that Canada, and especially B.C. growers, were focusing on in recent years.

* Pear crop prospects are improved over last year reflecting higher production potential in British Columbia. Canada's pear crop is expected to be about 5% above last year and reach about 14,200 metric tons. Canada relies on imported pears, mostly from the United States, for the major share of its fresh pear requirements.

* Under a 2001 Canada/China phytosanitary protocol agreement to permit the entry of fresh pears from approved orchards in China, Canadian fresh pear imports from China increased almost 70% from their year earlier level. However, U.S. fresh pear exports to Canada also increased during MY2001/2002 and accounted for 65% of total Canadian fresh pear imports.

* A two year investigative study by Statistics Canada comparing the organic production industry for fruits and vegetables and conventional production methods showed that total organic fruit area in Canada accounts for only 0.8% of the total fruit area while organic vegetables account for only 0.6% of total vegetable area. Apples comprise the largest organic crop, with about 845 acres.

Section I. Situation and Outlook

Apples: Severe frost events in May 2002, followed by extreme hot and dry conditions during the growing season in Ontario, Canada's most important apple producing province, have contributed to reduced fresh apple production in Canada despite year-to-year production gains in British Columbia and Nova Scotia. Industry estimates show Ontario production down as much as 30% from last year. As a result, total Canadian apple output in 2002 is forecast at 420,000 metric tons, almost 10% below last year's drought reduced level of 465,521 metric tons.

For 2003, Canadian apple orchards have the potential to produce a crop in excess of 500,000 metric tons, but only under normal weather and moisture patterns. Ontario grower's are concerned that successive years of drought stress on their trees will lower future yields.

PSD Table						
Country	Canada					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	26568	25457	0	24198	0	23500
Area Harvested	22434	22324	0	21904	0	21500
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	495000	465521	0	420000	0	450000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	495000	465521	0	420000	0	450000
TOTAL Imports	125000	122073	0	130000	0	140000
TOTAL SUPPLY	620000	587594	0	550000	0	590000
Domestic Fresh Consump	370000	373033	0	345000	0	370000
Exports, Fresh Only	60000	59561	0	55000	0	55000
For Processing	190000	155000	0	150000	0	165000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	620000	587594	0	550000	0	590000

Pears

PSD Table						
Country	Canada					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	1336	1390	0	1394	0	1400
Area Harvested	1237	1257	0	1255	0	1260
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	17000	13588	0	14200	0	15000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	17000	13588	0	14200	0	15000
TOTAL Imports	75000	75228	0	78000	0	80000
TOTAL SUPPLY	92000	88816	0	92200	0	95000
Domestic Fresh Consump	86900	83812	0	86800	0	89650
Exports, Fresh Only	500	404	0	400	0	350
For Processing	4600	4600	0	5000	0	5000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	92000	88816	0	92200	0	95000

Section II. Trade

Apples

Canada is an important market for exports of U.S. fresh apples. During MY2001/2002, U.S. fresh apple exports to Canada slipped to 92,755 metric tons, down about 2% from 94,847 metric tons a year earlier. U.S. fresh apple exporters lost import market share to Chile, New Zealand and South Africa during 2001/2002, but still retained more than 75% of the import market.

Canadian Fresh Apple Trade				
Marketing Year, July/June				
Units: Metric tons				
HS 0808.10				
		IMPORTS		
Country	1999/00	2000/01	2001/02	% chg
-- The World --	111,430	120,646	122,073	1.2%
United States	83,608	94,847	92,755	-2.2%
Chile	8,180	10,904	12,559	15.2%
New Zealand	11,632	7,213	8,331	15.5%
South Africa	7,058	5,252	7,214	37.4%
France	1	1,299	462	-64.5%
Argentina	517	452	448	-0.9%
All Others	434	680	304	-55.2%
		EXPORTS		
Country	1999/00	2000/01	2001/02	% chg
-- The World --	66,862	62,957	59,561	-5.4%
United States	46,111	37,875	39,070	3.2%
United Kingdom	10,000	6,826	7,207	5.6%
Mexico	2,958	4,757	3,933	-17.3%
Indonesia	1,517	2,381	2,098	-11.9%
Philippines	3,850	6,337	1,544	-75.6%
Saudi Arabia	0	0	1,259	-
El Salvador	21	258	531	105.5%

All Others	2,405	4,523	3,920	-13.3%
Source: World Trade Atlas				

Apple Imports From the U.S., By State

Fresh Apple Imports from the U.S., by State of Origin				
Marketing Year, July/June				
Units: Metric tons				
HS 0808.10				
	1999/00	2000/01	2001/02	% chg
From All States	83,608	94,847	92,755	-2.2%
Washington	69,005	77,140	79,300	2.8%
California	8,646	8,528	6,932	-18.7%
New York	2,479	5,082	3,844	-24.4%
Michigan	1,032	2,432	1,064	-56.2%
Oregon	804	860	783	-9.0%
North Carolina	90	142	280	96.6%
Massachusetts	215	48	253	428.0%
Florida	315	134	94	-29.7%
Pennsylvania	188	52	35	-32.6%
New Jersey	126	106	35	-66.8%
Arizona	43	50	35	-30.6%
Wisconsin	58	22	26	22.2%
All Other States	607	249	73	-70.6%
Source: World Trade Atlas				

Apple Exports

Canadian apple exports have declined steadily in recent years. In MY2001/2002, total apple exports reached 59,561 metric tons. Export volumes as recently as MY1996/1997 were almost twice that level (106,000 mt). In addition to lower fresh apple sales to the United States and Europe, low priced Chinese apples have displaced Canadian apples from many of the Asia-Pacific markets that Canada, and especially B.C. growers, were focusing on in recent years.

Pears

Pear Imports

Canada relies on imported pears for the major share of its fresh pear requirements. During MY2001/2002, imports from the United States increased 8.5% over the year earlier and reached 48,538 metric tons, accounting for 65% of total Canadian fresh pear imports. During the same period, imports from Argentina declined almost 20% while fresh pear imports from China increased sharply to 4,829 metric tons. Increased imports of pears from China follows a 2001 Canada/China phytosanitary protocol agreement to permit the entry of fresh pears from approved orchards in China (see CA1129).

Canada: Fresh Pear Imports				
Marketing Year, July/June				
Units: Metric tons				
HS 0808.20				
				Change over
Country	1999/00	2000/01	2001/02	previous year
-- The World --	70,680	72,007	75,228	4.5%
United States	47,457	44,743	48,538	8.5%
Argentina	12,296	13,198	10,601	-19.7%
China	596	2,852	4,829	69.3%
Chile	3,548	5,923	3,089	-47.8%
South Africa	3,424	1,611	2,732	69.6%
Australia	543	926	1,844	99.1%
Italy	729	915	1,132	23.7%
Korea, South	791	441	1,028	132.9%
All Others	1,297	1,397	1,436	2.8%
Source: World Trade Atlas				

Pear Exports

Canadian fresh pear exports are relatively insignificant. During MY2001/2002, Canada exported a total of 404 metric tons of fresh pears of which 40%, or 162 metric tons was exported to Taiwan and 35%, or 141 metric tons was exported to the United States.

Section III. Consumption

As shown below, the trend in per capita pear consumption has fared better than for apples over the past decade.

Canada: Per Capita Consumption, Apples & Pears		
Units: kilograms, retail weight*		
Year	APPLES	PEARS
1991	11.84	2.08
1992	11.46	2.08
1993	10.69	2.13
1994	13.93	2.27
1995	13.25	2.27
1996	11.92	2.18
1997	10.34	2.25
1998	13.28	2.30
1999	11.83	2.45
2000	10.91	2.30
*incl. fresh equivalent of processed		
Source: StatCan; Food Consumption in Canada, PartII		

Prices

Weekly fresh apple and pear prices on major Canadian wholesale markets and daily market prices for Toronto and Montreal are available electronically at Agriculture and Agric-Food Canada's (AAFC) InfoHort website at: http://www.agr.ca/misb/infohort/infohort_e.html

Apple Storage Holdings

Agriculture and Agric-Food Canada reports the quantity and type of apples in storage in Canada, by province. To view this data, visit the following AAFC web link:
<http://www.agr.ca/misb/infohort/data/storage/appdistindex.html>

Other Industry Information

Agriculture and Agri-Food Canada maintains an online apple industry information site with information

on planted varieties, historical production, regulations, and industry associations. The URL is:
<http://atn-riac.agr.ca/applecanada/home.htm>

Section IV. Policy and Developments

Ontario Apple Growers Update

Last October, Brian Coburn, Ontario Minister of Agriculture, Food and Rural Affairs accepted the recommendation of the Ontario Farm Products Marketing Commission (OFPMC) to dissolve the Ontario Apple Marketing Commission and called on the apple industry to develop a new strategy to meet changing markets in Ontario. Early in 2001, 56.3% of apple producers voted in favor of the termination of the Apple Commission during a mail-in vote conducted by the OFPMC (see CA1129, page 11). Following the decision to dissolve the apple commission, the Ontario Apple Growers' Steering Committee was formed and charged with drafting a proposal for a new mandate for Ontario apple growers. The committee spent the past year determining what apple growers of 10 acres or more might expect from a new organization and is expected to present a proposal in early October 2002 to the OFPMC for review.

Organic Report on Fruits and Vegetables in Canada

A two year investigative study by Statistics Canada comparing the organic production industry for fruits and vegetables and conventional production methods showed that total organic fruit area in Canada accounts for only 0.8% of the total fruit area. Organic vegetables account for only 0.6% of total vegetable area. Apples comprise the largest organic crop, with about 845 acres. This study also showed that organically grown fruits and vegetables are generally able to command a price premium. For example, prices for organically grown apples were 73% higher than prices for those grown by conventional methods. Also, about one-half of the organically grown fruit and vegetable crops generate a gross return per acre greater than conventional methods. For example, the gross return per acre of organically grown apples in Canada was C\$4,000 in 2000/2001, compared with C\$3,000 for an acre of conventionally grown apples. However, the study did not compare costs of production and therefore the key question of whether organic fruits and vegetables are more or less profitable than their conventional counterparts remained unanswered. The full report is available online at the following Statistics Canada webpage:
<http://www.statcan.ca:80/english/freepub/21-004-XIE/21-004-XIE02009.pdf>

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